

## Message Text

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44

ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 STR-08 OMB-01

TRSE-00 SS-20 NSC-10 L-03 PA-04 PRS-01 USIA-15

CIAE-00 INR-10 NSAE-00 RSC-01 CIEP-02 CEA-02 DRC-01

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R 161528Z NOV 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9164

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

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PASS AGRICULTURE FOR HUME

PARIS PASS SECRETARY BUTZ

E.O. 11652: N/A

TAGS: OVIP, EAGR, BE

SUBJECT: SECRETARY BUTZ MEETING WITH MINISTER LAVENS

1. SUMMARY: SECRETARY BUTZ HAD WARM AND FRIENDLY DISCUSSIONS WITH MINISTER LAVENS COVERING 1973 AND 1974 CROP PROSPECTS IN THE UNITED STATES, EXPORT CONTROLS, EC PRICE POLICY, BILATERAL AND MULTILATERAL STOCKPILING AGREEMENTS AND TRADE LIBERALIZATION. END SUMMARY.

2. MINISTER LAVENS EXPLAINED THAT BELGIAN FARM INCOME IS DERIVED LARGELY FROM LIVESTOCK PRODUCTS, AND THAT BELGIUM IS A SUBSTANTIAL IMPORTER OF FEED GRAINS AND PROTEIN. THE EXPORT RESTRICTIONS PLACED ON SOYBEANS SHOOK PRODUCERS UP BADLY AND MANY OF THEM FEEL THEY SHOULD DIVERSIFY THEIR SOURCES OF SUPPLY, PARTICULARLY

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OF SOYBEANS. SECRETARY BUTZ ASSURED THE MINISTER THAT THE

ADMINISTRATION NOW STRONGLY OPPOSES EXPORT CONTROLS AND THAT SOYBEAN SUPPLIES FROM THIS YEAR'S BUMPER CROP WILL PERMIT CARRY-OVER STOCKS TO BE SUBSTANTIALLY INCREASED BY THE END OF THE MARKETING YEAR. HE EXPRESSED DOUBT THAT EC EFFORTS TO INCREASE SOYBEAN PRODUCTION WITH LARGE SUBSIDIES WOULD BE ECONOMICALLY SOUND, AND THE MINISTER AGREED. THE MINISTER CLOSED THE SUBJECT BY SAYING THAT HIS GOVERNMENT UNDERSTANDS THAT THE SOYBEAN EPISODE WAS NO MORE THAN AN ACCIDENT AND HE IS NO LONGER GREATLY CONCERNED ABOUT IT.

3. SECRETARY BUTZ ASKED IF BELGIUM WAS REALLY HAPPY WITH A HIGH PRICE POLICY FOR GRAINS, CONSIDERING THE LIVESTOCK-ORIENTED STRUCTURE OF ITS FARM ECONOMY. THE MINISTER SAID THAT NATURALLY BELGIUM WOULD PREFER LOWER FEED PRICES BUT THAT BELGIUM AS A "GOOD CITIZEN" OF THE EC RECOGNIZED THE NEED OF THE MAJOR GRAIN PRODUCING MEMBERS FOR HIGH GRAIN PRICES. IN ADDITION, BELGIUM FEELS THAT THE STABILITY OF EC GRAIN PRICES CONFERS SUBSTANTIAL BENEFITS ON BELGIAN AGRICULTURE AND HAS, FOR EXAMPLE, INSULATED BELGIUM FROM MOST OF THE EFFECTS OF THE SPECTACULAR PRICE FLUCTUATIONS OF THE PAST SEVERAL MONTHS. THE SECRETARY POINTED OUT THAT STABILITY COULD STILL BE ACHIEVED AT A LOWER PRICE LEVEL AND THAT THE U.S. FULLY EXPECTS AGRICULTURAL PRICES TO RECEDE SOMEWHAT FROM RECENT AND CURRENT LEVELS, ALTHOUGH THEY WILL NOT FALL TO THE LEVEL OF A YEAR OR TWO AGO, NOR SHOULD THEY. BOTH WERE AGREED THAT WORLD FARM PRICES HAVE BEEN TOO LOW FOR MANY YEARS.

4. MINISTER LAVENS BROACHED THE SUBJECT OF THE NEED FOR BOTH BILATERAL AND MULTILATERAL ARRANGEMENTS FOR BUILDING AND MAINTAINING ADEQUATE STOCKS OF GRAINS AND SOYBEANS. THE SECRETARY NOTED THAT THE U.S. AND CANADA HAVE FOR MANY YEARS CARRIED THE BURDEN OF MAINTAINING MOST OF THE WORLD'S RESERVES OF THESE COMMODITIES. THESE RESERVES ARE NOW VIRTUALLY EXHAUSTED AND OTHER EXPORTERS BUT PARTICULARLY IMPORTERS MUST ASSUME MUCH OF THIS RESPONSIBILITY IN THE FUTURE. HE OUTLINED THE REASONS WHY THE U.S. OPPOSES MANY OF THE SCHEMES FOR INTERNATIONAL AGREEMENTS THAT ARE TOO OFTEN RENDERED UNWORKABLE BECAUSE OF SUPPLY FLUCTUATIONS AND OTHER CAUSES. BILATERAL AGREEMENTS CALLING FOR CONSULTATIONS WHEN STOCKS OR PRICES REACH CERTAIN LEVELS ARE ONE EXAMPLE OF A PRACTICAL APPROACH TO THE PROBLEM, WITH WHICH THE MINISTER AGREED.

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5. THE MEETING CLOSED WITH A GENERAL DISCUSSION ON THE NEED FOR AND THE BENEFITS OF TRADE LIBERALIZATION AND HOW VITALLY IMPORTANT IT WAS FOR A GROWING AND HEALTHY AGRICULTURAL ECONOMY EVERYWHERE IN THE WORLD, ON WHICH THERE WAS FULL AGREEMENT. WITHOUT GOING INTO DETAIL, THE SECRETARY EMPHASIZED HOW CRUCIAL WE CONSIDER TO BE ALL OF THE ONGOING NEGOTIATIONS AND STUDIES CURRENTLY UNDERWAY OR IN PROSPECT THAT WILL LEAD IN THAT DIRECTION.

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## Message Attributes

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**Concepts:** TRADE LIBERALIZATION, LIVESTOCK, EXPORT CONTROLS, SOYBEANS, GRAINS, PRICES, STOCKPILES, EXPORTERS, IMPORTERS, AGRICULTURAL AGREEMENTS  
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